

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6688

BILL NUMBER: SB 337

NOTE PREPARED: Dec 24, 2012

BILL AMENDED:

SUBJECT: Appraisal Management Companies.

FIRST AUTHOR: Sen. Kruse

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: The bill prohibits an appraisal management company (AMC) from removing an appraiser from its appraiser panel or otherwise refusing to assign requests for real estate appraisal services to a real estate appraiser on its appraiser panel unless the AMC meets certain requirements. The bill allows a real estate appraiser to request the Real Estate Appraiser Licensure and Certification Board (Board) to review the AMC's removal of the real estate appraiser or the AMC's refusal to assign requests to the real estate appraiser.

The bill provides that an AMC is subject to disciplinary sanctions if the board determines that the real estate appraiser did not commit a violation of the law or applicable real estate appraisal standards. The bill requires an AMC, before the AMC receives payment for real estate appraisal services, to: (1) provide to the person who requested the appraisal services; and (2) make clear to any person that may rely on the appraisal report; information concerning fees. The bill provides that an AMC or a person requesting appraisal services from an AMC may not prohibit a real estate appraiser from disclosing the real estate appraiser's fee in a real estate appraisal report.

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary:* The Real Estate Appraiser Board may receive more complaints to review concerning appraisal management companies for removing an appraiser from the panel. It is likely, that the Board would be able to review complaints within the regularly scheduled number of business meetings during a year. For 2013, the Board is scheduled to meet six times.

Background: As of September 19, 2012, there were 199 AMCs and 1,321 residential appraisers with an active certification or license.

Explanation of State Revenues: The Board could assess civil penalties on AMCs found to be in violation of the bill's provisions. The maximum penalty allowed in current law is \$10,000 per violation. All civil penalties collected by this provision of law is deposited in the Real Estate Investigation Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Real Estate Appraiser Licensure and Certification Board.

Local Agencies Affected:

Information Sources: Professional Licensing Agency, active license report: 9/19/2012.

Fiscal Analyst: Chris Baker, 317-232-9851.